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Weinberger Drug Stores, Inc.

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Annual Report to Stockholders
for the Fiscal Year
ended June 30, 1943

WEINBERGER DRUG STORES, INC.

DIRECTORS

J. G. Gosling
Mortimer Jacobs
M. M. Neubauer
Joseph Spivack
Thomas H. Jones
L. J. Wolf
Adolph Weinberger

OFFICERS

Adolph Weinberger	*President and Treasurer*
Joseph Spivack	*Executive Vice-President*
Milton Neubauer	*Vice-President*
Henry Gray	*Vice-President*
C. W. Evans	*Secretary and Assistant Treasurer*

REGISTRAR AND TRANSFER AGENT
The Cleveland Trust Co.

AUDITORS
Ernst & Ernst

Cleveland, Ohio
August 21, 1943

To our Stockholders:

The Annual Report of Weinberger Drug Stores, Inc., covering the operations of the Company and its subsidiary for the fiscal year ended June 30, 1943, is herewith submitted. The Consolidated Balance Sheet and Consolidated Profit and Loss and Surplus have been examined by Ernst & Ernst, Certified Public Accountants, and their opinion is included herein.

Net Profit for the fiscal year, after deducting all charges including provisions for depreciation and for all Federal and other taxes, was equivalent to $2.04 per share on the 90,000 shares outstanding for the fiscal year ended June 30, 1943, as compared to $1.94 per share for the fiscal year ended June 30, 1942. Provision for Federal Income and Excess Profits Taxes for the fiscal year ended June 30, 1943 was $355,370.60 compared with $223,500.00 for 1942.

In accordance with the conservative policy of the Management, the quarterly dividend of 12½c per share has been continued; the bank loan has been reduced from $240,000.00 to $180,000.00, and the reserve for general contingencies has been increased to $100,000.00 by a charge of $10,000.00 against operations of the current year and transfer of $40,000.00 from unused accrual for Federal Taxes on income of the preceeding year.

Merchandise inventories including merchandise in transit amounted to $1,774,021.87 compared with $1,712,161.42 at June 30, 1942.

Accompanying this report is a notice of the Annual Meeting of Stockholders to be held on September 14, 1943, together with Proxy Statement and Proxy. If you should be unable to attend this meeting, we trust that you will promptly sign and return the Proxy so that your stock may be voted at this meeting.

Very truly yours,

ADOLPH WEINBERGER
President

CONSOLIDATED

WEINBERGER DRUG STOR

June 3

ASSETS

CURRENT ASSETS			
Cash on hand and demand deposits		$ 305,726.14	
Trade accounts receivable		23,316.38	
Tax stamps—state		15,543.14	
Inventories—at lower of cost or market:			
At stores	$ 992,865.18		
At warehouse	699,526.98		
At laboratory	34,194.94		
	$ 1,726,587.10		
In transit	47,434.77	1,774,021.87	$2,118,607.53
OTHER ASSETS			
Cash surrender value of life insurance—Note A		$ 49,011.56	
Miscellaneous receivables, etc.		7,935.36	
Deposits		3,051.07	59,997.99
FIXED ASSETS			
Furniture and fixtures, etc.—at cost	$ 707,469.40		
Leasehold improvements—at cost	265,087.70	$ 972,557.10	
Less reserves for depreciation and amortization		516,419.83	456,137.27
PATENTS AND TRADE-MARKS			1.00
DEFERRED CHARGES			
Prepaid insurance		$ 15,808.01	
Taxes		17,992.72	
Other		3,563.08	37,363.81
			$2,672,107.60

Note A—The Company has deposited, as collateral security to notes payable to bank, life insurance policies covering the lives of its President and Executive Vice President in the aggregate amounts of $128,449.00 and $62,500.00, respectively.

BALANCE SHEET

ES, INC., AND SUBSIDIARY

0, 1943

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES

Note payable to bank:			
Payments maturing prior to June 30, 1943		$ 55,000.00	
Accounts payable:			
Trade accounts	$ 323,841.73		
Salaries and wages	37,084.50		
Pay roll taxes	25,606.22		
Liability for employees war bond deductions	14,909.31	401,441.76	
Accrued:			
Taxes (other than taxes on income)	$ 48,957.15		
Rent	31,591.21	80,548.36	
Federal taxes on income of the year ended June 30, 1943—estimated	$ 353,500.00		
Less U. S. Treasury Notes, Tax Series (purchased and held for payment of taxes)	47,000.00	306,500.00	$ 843,490.12

LONG-TERM DEBT

Note payable to bank—payable $5,000.00 monthly—Note A		$ 180,000.00	
Less portion classified as current liability		55,000.00	125,000.00

RESERVE

For postwar adjustments and general contingencies	100,000.00

CAPITAL STOCK AND SURPLUS

Capital stock (without par value):			
Authorized 100,000 shares			
Outstanding 90,000 shares			
Stated capital		$ 639,670.00	
Surplus:			
Capital surplus	$ 135,815.44		
Earned surplus	828,132.04	963,947.48	1,603,617.48
			$2,672,107.60

Note B—The management of the Company has no knowledge of any contingent liabilities other than pending suits and claims for personal injury as to which, considering the nature of such cases and the amounts involved, the proceedings will not, in the opinion of the management of the Company, result in any losses of a material amount to the Company and its subsidiary.

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

WEINBERGER DRUG STORES, INC., AND SUBSIDIARY

Year ended June 30, 1943

PROFIT AND LOSS SUMMARY

Gross profit		$2,925,897.51
Selling, general, and administrative expenses		2,353,979.27
		$ 571,918.24
Other income:		
Revenue from telephones, etc.	$ 11,534.64	
Discount on tax stamps	5,155.01	
Miscellaneous	219.67	16,909.32
		$ 588,827.56
Other deductions:		
Provisions for postwar adjustments and general contingencies	$ 10,000.00	
Expenses in connection with leases on abandoned locations	11,434.33	
Interest expense	8,518.88	
Charges in connection with fire loss	7,111.37	
Loss on disposal and abandonment of fixed assets—net	3,022.67	
Miscellaneous	9,473.99	49,561.24
PROFIT BEFORE FEDERAL TAXES ON INCOME		$ 539,266.32
Federal taxes on income:		
Provision for current year—estimated:		
Normal income tax and surtax	$ 83,500.00	
Excess profits tax less credit of $30,000.00 for debt retirement	270,000.00	
	$ 353,500.00	
Adjustment for prior year	1,870.60	355,370.60
NET PROFIT		$ 183,895.72

Note—Provisions for depreciation and amortization included above aggregated $104,303.85.

SURPLUS

CAPITAL SURPLUS			
Balance at July 1, 1942, and June 30, 1943—no change during the year			$ 135,815.44
EARNED SURPLUS			
Balance at July 1, 1942		$ 689,243.40	
Net profit for year ended June 30, 1943		183,895.72	
		$ 873,139.12	
Cash dividends:			
$.12½ a share paid Oct. 1, 1942	$ 11,251.75		
$.12½ a share paid Jan. 2, 1943	11,251.77		
$.12½ a share paid Apr. 1, 1943	11,251.78		
$.12½ a share payable July 1, 1943	11,251.78A	45,007.08	
BALANCE AT JUNE 30, 1943			828,132.04
TOTAL SURPLUS AT JUNE 30, 1943			$ 963,947.48

Note A—Cash dividend of $.12½ a share was declared on stock of record at June 26, 1943, payable July 1, 1943. Prior to June 30, 1943, the Company deposited funds with the dividend disbursing agent for payment of such dividend.

Board of Directors,
Weinberger Drug Stores, Inc.,
Cleveland, Ohio.

We have examined the consolidated balance sheet of Weinberger Drug Stores, Inc., and its subsidiary as of June 30, 1943, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Inventories, except for minor amounts, were based on physical counts made by the companies at or near June 30, 1943, adjusted for transactions between dates of counts and June 30, 1943. We were present at appropriate times and observed procedures followed by employees of the companies in determining physical quantities at the warehouse, laboratory, and certain stores selected by us, and we also tested inventory records, prices, and computations.

In our opinion, the accompanying balance sheet and related summary of profit and loss and surplus present fairly the consolidated position of Weinberger Drug Stores, Inc., and its subsidiary at June 30, 1943, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
August 24, 1943